

EUROPE'S WOES LAID
TO MISGOVERNMENTFair Tax Laws, Properly
Enforced, Seen as Way
to Settle Debts.

MUST BALANCE BUDGET

Incompetents After Power,
Plunder and Publicity
Elected to Office.

BERLIN NEEDS NEW BANK

Loud Mouthed Demagogues
Promising the Impossible
Scare Off Able Men.

By F. J. LISMAN.

THE problem which the countries of Europe can pay the debts due to us and to Great Britain has been discussed from almost every angle except the one which seems the most important: Are these countries properly governed, have they an intelligent, fair system of taxation and are the tax laws properly enforced in order to produce the maximum of revenue without favoritism to any one class?

The stabilization of the mark, the franc, the lira, the Austrian and Hungarian crowns, etc., is largely a problem incidental to the question of proper government. No currency can be stabilized until a country fully balances its budget—that is, does not disburse more for regular and extraordinary expenses than it collects, and until the people of a country do not buy more from the people of other countries in one way or another than they sell to them.

It is now four years since the armistice. Nevertheless, exchanges of all the countries except those of Great Britain and Czechoslovakia are selling at very near their lowest prices. In searching for the reason it will be found that these two countries have a well-ordered government, which is actually collecting the proper amount of taxes from its citizens.

State Budgets Satisfactory.

These two countries have approximately restored their trade balance and their state budgets are in satisfactory condition. Great Britain has substantially reduced her war debt, while Czechoslovakia, which has created an entirely new state organization, has not yet arrived at this point, but has reduced the amount of outstanding paper money by over 10 per cent. All other countries engaged in the great war have increased their debts since the armistice and are still doing so.

In looking into the causes for the low rates of exchange and unbalanced trade balance between these two countries, we find that in many cases as a sequence of war hysteria and its reaction men without an understanding of government, without ability to do constructive work, but merely obsessed with greed for power, plunder and publicity, have been elected to the Parliaments and into office.

The officials of many foreign countries have done very little for nothing, have been stimulated during the war, but on the contrary, in order to keep themselves in office, have only added "bloody shirt" as it used to be called in the United States during the generation after the close of the Civil War. Chauvinism, aptly defined in the Oxford dictionary as "hellish patriotism," is rampant everywhere.

Hoodwinking by Politicians.

These politicians of the suffering countries have told the people only what they thought the people would like to hear, and neither have dared to enact the harsh laws necessary for a difficult situation nor even to hint at their necessity. Prestigious Ministers and, in the United States, the new Italian Prime Minister, appear to be the first European statesmen willing to tell the people the full truth.

At the root of the present trouble in the mischievous slogan, fostered and proclaimed by vote seekers, that "All men are equal." Men are no more equal than horses. Men are only entitled to equal opportunities in accordance with their natural endowments, and every child, whether the son of a multi-millionaire or the daughter of a scrub woman, is entitled, in accordance with his ability, to equal opportunity and incentive for his own benefit as well as for that of the world at large.

We have fought and won a war which was the death knell of the middle age, a war which ended the right of one set of men, favored by accident of birth, to dominate others less fortunate. This war was fought to end militarism, and it can and will end it if we give an opportunity to the best men to solve the problem and provide the authority and machinery through which these men can work. A League of Nations organized for constructive purposes is the possible medium.

Austria.

Austria has totally collapsed owing to the enormous deficit of the Government budget and an unfavorable trade balance. Though there have been many contributory factors, such as economic impossibility of boundary lines, fundamentally the trouble is due to the weakness of the Government, which lacks the strength to properly enforce reasonable taxation laws, and owing to the prevalence of various critical parties has found it easier to print money until it has become worthless.

Now this same Government is praying to other countries to come to its aid, to turn over to foreigners the full management of its affairs, provided something is done to help it out of its misery. This is a very difficult problem now; it would have been very much easier to do this over three years ago.

The weakness of Austria was visualized at that time by all intelligent men of the world over, but there was no one who had or could get the necessary authority to help Austria put her house in order. If a representative of a League of Nations could have said to a group of international bankers, "We will guarantee to give you a prior lien on the revenues of Austria for the payments necessary for interest and redemption of your bonds," the situation would never have become as bad as it is now.

Finally, Austria's neighbors and Great Britain have come to her help, but not yet as forcefully as necessary. Germany will arrive at the same stage as Austria, and so may Hungary, Poland and some of the Balkan countries. Something must be done to stop this drift to chaos and perdition.

The German Government has been

riding for a fall substantially the same as Austria, but its favorable economic conditions in Germany have kept that country from sliding with the same rapidity. The Wirth Government has been afraid to antagonize strongly the old conservative monetary party, which in one way or another wants to restore the monarchy. It has been afraid of the extremely radical party for fear of the possibilities of riots and communal violence.

In every effort has been directed toward avoiding unemployment for the time being without regard for final consequences. For that purpose subsidies have been paid directly and indirectly, to manufacturers, money has been printed, and the Government's business has been conducted at a high cost with a large number of unnecessary employees.

The payments on account of the indemnities have been a contributory, but not the dominating factor in the situation, because they were met from the proceeds of paper marks bought by foreigners. Germany has stinned in almost every way possible during the war and since its close, although it must be admitted that it has had very difficult problems to solve, which the world has not understood and which are referred to hereafter under the heading of "Reparation."

The masses of the German people, the workers in the factories and the mines, the professional classes, the clerks in the offices and stores, have been living in abject misery since 1918. They have seen a tremendous indirect tax burden and are the greatest sufferers from the incompetence of their Government, while their employers and the farming classes have largely escaped taxation and become rich. One hears of no important taxpayer in Germany having been sent to jail or heavily fined for tax dodging.

The real fact is, Germany, like most other countries, needs a super-government, just and intelligent.

The League of Nations in some form must provide this super-government for Germany and other countries which cannot pay their debts.

Problem of Finance.

The League of Nations must select some one, preferably not a citizen of the countries which have fought against Germany, to act as controller of German finances, to enforce proper taxation laws and to supervise expenditures. These taxation laws should be framed by a commission composed of six or eight members, half of whom are to be appointed by the League of Nations and the other half by Germany.

The German members might possibly be elected in the following manner: One by the universities of Germany, one by the chambers of commerce, one by the agricultural societies, and the fourth possibly in some manner by the laboring classes, these nominees to be satisfactory to the controller of finance and the four league members of the finance commission, in turn, to be satisfactory to the German Government.

Payments of Indemnity.

Much has been said about fixing the amount of the German indemnity, but if the amount were to be fixed now, based on what might be called the present earning capacity of Germany, it would have to be fixed at nothing.

SALE OF SMOKED BEEF TONGUES

These are tender tongues, specially cured and smoked for us. Specially trimmed, each weighing from 3 to 4 lbs.; this sale, 29c lb.

A Sale of "Hacienda" Brand Coffee—A good, sound, rich, satisfying coffee of absolute purity; a delicious, mild coffee for breakfast.

SALE OF INDIA AND CEYLON TEAS

"PUNAB" Brand—India and Ceylon Tea, in lead sealed cartons; our usual price \$1.50; this sale, 98c.

A Special Sale of Curio Teas—Includes English Breakfast, Oolong, Mixed and Young Hyson; our usual price, 44c lb.; this sale, 5-lb. caddy, \$1.88; 1-lb. carton, 39c.

LOUISIANA UNCOATED 1/2 HEAD RICE—5-lb. Sealed Bag, 29c.

Sale of "Red Star" Baking Powder

"Red Star" Baking Powder—Pure cream of tartar powder of our own manufacture; much lower priced than any other baking powder of equal merit.

5-lb. can; our usual price \$2.00; this sale, \$1.94.

Flour Greatly Reduced

Lily White Mothers' 24 1/2-lb. Bag, This Sale, 98c.

Gold Medal Hecker's 10-lb. Bag, 98c.

CLARK'S VIRGIN PEANUT OIL at Less Than Half Usual Price

Clark's Virgin Peanut Oil compares favorably with olive oil. According to U. S. Department of Agriculture, Virgin Peanut Oil is shown to be at least 15 per cent. more desirable than all other cooking oils.

15-pint bottles or cans; dozen, \$1.20; each, 14c.

SPARKLING (WHITE) MONOPOLÉ, NON-ALCOHOLIC BEVERAGE, AT 50c PER BOTTLE

A pure and natural product of the champagne grape (non-fermenting); fine quality, refreshing and with all the old-time pleasing flavor and brilliant sparkle, the correct drink beverage of to-day.

Case of 12 bottles, regular price \$2.50; this sale, \$1.50; each bottle, 12c.

Case of 24 half bottles, regular price \$2.50; this sale, \$1.50; each bottle, 6c.

Sweet Elder-Mouths "Russet" Brand; pure, unfermented sweet elder; no preservatives used.

Monquiu Vermouth, a non-alcoholic beverage that has all the sweetness of flavor and the pleasing qualities that distinguished old-time French Vermouth.

dozen, \$1.44; each, \$1.24.

A Special Sale of New Season's Canned Goods

A SPECIAL SALE OF SPINACH, "CHAMPION" Brand—No. 2 cans; dozen, \$1.39; each, 12c.

"Blue Dot" Brand Tomatoes—Maryland pack; No. 2 cans; dozen, \$1.14; each, 10c.

Spanish Style Tomato Sauce—Made from fresh, ripe tomatoes, spices, fresh peppers, etc.; "Blue Dot" Brand; No. 2 cans; dozen, \$1.34; each, 11c.

A SPECIAL SALE OF "LILY WHITE" BRAND GOLDEN RANTAS CORN—Of the finest quality; No. 2 cans; dozen, \$1.34; each, 11c.

A Sale of Apple Sauce—"Heart of Maine" Brand—Made from the choicest Maine apples; sanitary No. 2 cans; dozen, \$1.09; each, 9c.

Sale of Fancy New York State Extra Small Beets, "Lily White" Brand; can containing about 60 to 65 beets; this sale, 14c.

SHOE PEEL CORN—"Poplar Hill" Brand; a quality superior to any packed.

JERSEY LIMA BEANS—"Avena" Brand; small white tender beans; No. 2 cans; dozen, \$1.09; each, 9c.

PUMPKIN, "Lily White" Brand, large No. 2 cans; dozen, \$1.09; each, 9c.

"S. & W." Brand Maine Sugar Corn—No. 2 cans; dozen, \$1.09; each, 9c.

Maine Sugar Corn—"Lily White" Brand; No. 2 cans; dozen, \$1.09; each, 9c.

Grated Maine Sugar Corn—"Lily White" Brand; No. 2 cans; dozen, \$1.09; each, 9c.

"Heart of Maine" Brand Golden Rantans Sugar Corn—No. 2 cans; dozen, \$1.09; each, 9c.

"Lily White" Brand Golden Rantans Sugar Corn—No. 2 cans; dozen, \$1.09; each, 9c.

"Lily White" Brand Golden Rantans Sugar Corn—No. 2 cans; dozen, \$1.09; each, 9c.

"Lily White" Brand Golden Rantans Sugar Corn—No. 2 cans; dozen, \$1.09; each, 9c.

"Lily White" Brand Golden Rantans Sugar Corn—No. 2 cans; dozen, \$1.09; each, 9c.

"Lily White" Brand Golden Rantans Sugar Corn—No. 2 cans; dozen, \$1.09; each, 9c.

"Lily White" Brand Golden Rantans Sugar Corn—No. 2 cans; dozen, \$1.09; each, 9c.

would have to be fixed at nothing. The situation must be studied impartially and with the utmost care, and after it is clearly understood the reorganization of German affairs can proceed along the lines prevalent all over the world in dealing with concerns in financial difficulties. In such matters it is customary:

a. To provide additional capital if same is needed, to be secured by a prior lien on all the assets.

b. To issue a security well within the earning capacity of the concern on which interest must be paid regularly; failing the payment of such interest, some drastic method of enforcing the claim; the securities in this case to be delivered to the Allies.

c. To make available for further payments of interest or expenditures to capital account any surplus after payment of interest charges on (a) and (b).

In the case of Germany it should be arranged that a certain proportion of the surplus be used toward payment of the indemnity. If an attempt were made to apply all the surplus for this purpose there would be no incentive to the German people to produce this surplus, and therefore there would be no surplus.

Sequence of Events.

It might be necessary to employ a League of Nations police for a certain length of time in order to enforce the edicts of the Finance Commission, especially in such recalcitrant districts as in sections of Bavaria. This police should preferably not be composed of French soldiers, and its cost would be a proper charge on the revenues of the German State, with a further provision that the cost of enforcing the edicts in any rebellious district should be a charge on (a) and (b).

This bank, with a substantial capital behind it, should issue credit obligations of its own, based on commercial credit only, without any gold reserve, but backed by its ample capital. These credits would gradually replace currency in important transactions and thereafter fluctuations of the mark will be of less importance, as the mark will be used merely in the nature of a subsidiary currency. Ultimately—that is, in the course of a few years—this credit currency will have to be reinforced to a reasonable extent by gold, but the accumulation of a gold reserve for this purpose can be accomplished gradually.

During this transition period the values of securities, properties and everything else in Germany will gradually adjust themselves to the new currency and the refunding of the mark.

Germany will have to import hereafter much more raw material, foodstuffs and livestock than before the war, and these things will be aggregated about 70 per cent of her former imports.

It would probably be fair to estimate that pre-war Germany, without the lost provinces and without her foreign investments, etc., would have had an adverse trade balance of close on to one billion dollars.

No doubt a vigorous Germany, with its energetic and intelligent population, put on a sound basis in every respect, with the proper amount of capital and with the incentive to its population to work, could restore her trade balance in a very short time. This would mean she would have to carry on agriculture much more intensively; more men would have to obtain their living on the ocean and she would have to eat more fish caught by her own people in the North Sea, restore the ten-hour working day, develop atmospheric nitrate for her agricultural interests, etc.

Substantially all the population would also have to do without tea and coffee and other tropical products, the same as they have done in the last five years. Furthermore, it would be necessary to forbid the import of luxuries and to put a very high tariff on non-essential articles.

The mere obtaining of new capital by itself is only a step in the direction of

restoring the trade balance. The entire situation must be studied impartially and with the utmost care, and after it is clearly understood the reorganization of German affairs can proceed along the lines prevalent all over the world in dealing with concerns in financial difficulties. In such matters it is customary:

a. To provide additional capital if same is needed, to be secured by a prior lien on all the assets.

b. To issue a security well within the earning capacity of the concern on which interest must be paid regularly; failing the payment of such interest, some drastic method of enforcing the claim; the securities in this case to be delivered to the Allies.

c. To make available for further payments of interest or expenditures to capital account any surplus after payment of interest charges on (a) and (b).

In the case of Germany it should be arranged that a certain proportion of the surplus be used toward payment of the indemnity. If an attempt were made to apply all the surplus for this purpose there would be no incentive to the German people to produce this surplus, and therefore there would be no surplus.

Sequence of Events.

It might be necessary to employ a League of Nations police for a certain length of time in order to enforce the edicts of the Finance Commission, especially in such recalcitrant districts as in sections of Bavaria. This police should preferably not be composed of French soldiers, and its cost would be a proper charge on the revenues of the German State, with a further provision that the cost of enforcing the edicts in any rebellious district should be a charge on (a) and (b).

This bank, with a substantial capital behind it, should issue credit obligations of its own, based on commercial credit only, without any gold reserve, but backed by its ample capital. These credits would gradually replace currency in important transactions and thereafter fluctuations of the mark will be of less importance, as the mark will be used merely in the nature of a subsidiary currency. Ultimately—that is, in the course of a few years—this credit currency will have to be reinforced to a reasonable extent by gold, but the accumulation of a gold reserve for this purpose can be accomplished gradually.

During this transition period the values of securities, properties and everything else in Germany will gradually adjust themselves to the new currency and the refunding of the mark.

Germany will have to import hereafter much more raw material, foodstuffs and livestock than before the war, and these things will be aggregated about 70 per cent of her former imports.

It would probably be fair to estimate that pre-war Germany, without the lost provinces and without her foreign investments, etc., would have had an adverse trade balance of close on to one billion dollars.

No doubt a vigorous Germany, with its energetic and intelligent population, put on a sound basis in every respect, with the proper amount of capital and with the incentive to its population to work, could restore her trade balance in a very short time. This would mean she would have to carry on agriculture much more intensively; more men would have to obtain their living on the ocean and she would have to eat more fish caught by her own people in the North Sea, restore the ten-hour working day, develop atmospheric nitrate for her agricultural interests, etc.

Substantially all the population would also have to do without tea and coffee and other tropical products, the same as they have done in the last five years. Furthermore, it would be necessary to forbid the import of luxuries and to put a very high tariff on non-essential articles.

The mere obtaining of new capital by itself is only a step in the direction of

restoring the trade balance. The entire situation must be studied impartially and with the utmost care, and after it is clearly understood the reorganization of German affairs can proceed along the lines prevalent all over the world in dealing with concerns in financial difficulties. In such matters it is customary:

a. To provide additional capital if same is needed, to be secured by a prior lien on all the assets.

b. To issue a security well within the earning capacity of the concern on which interest must be paid regularly; failing the payment of such interest, some drastic method of enforcing the claim; the securities in this case to be delivered to the Allies.

c. To make available for further payments of interest or expenditures to capital account any surplus after payment of interest charges on (a) and (b).

In the case of Germany it should be arranged that a certain proportion of the surplus be used toward payment of the indemnity. If an attempt were made to apply all the surplus for this purpose there would be no incentive to the German people to produce this surplus, and therefore there would be no surplus.

Sequence of Events.

It might be necessary to employ a League of Nations police for a certain length of time in order to enforce the edicts of the Finance Commission, especially in such recalcitrant districts as in sections of Bavaria. This police should preferably not be composed of French soldiers, and its cost would be a proper charge on the revenues of the German State, with a further provision that the cost of enforcing the edicts in any rebellious district should be a charge on (a) and (b).

This bank, with a substantial capital behind it, should issue credit obligations of its own, based on commercial credit only, without any gold reserve, but backed by its ample capital. These credits would gradually replace currency in important transactions and thereafter fluctuations of the mark will be of less importance, as the mark will be used merely in the nature of a subsidiary currency. Ultimately—that is, in the course of a few years—this credit currency will have to be reinforced to a reasonable extent by gold, but the accumulation of a gold reserve for this purpose can be accomplished gradually.

During this transition period the values of securities, properties and everything else in Germany will gradually adjust themselves to the new currency and the refunding of the mark.

Germany will have to import hereafter much more raw material, foodstuffs and livestock than before the war, and these things will be aggregated about 70 per cent of her former imports.

It would probably be fair to estimate that pre-war Germany, without the lost provinces and without her foreign investments, etc., would have had an adverse trade balance of close on to one billion dollars.

No doubt a vigorous Germany, with its energetic and intelligent population, put on a sound basis in every respect, with the proper amount of capital and with the incentive to its population to work, could restore her trade balance in a very short time. This would mean she would have to carry on agriculture much more intensively; more men would have to obtain their living on the ocean and she would have to eat more fish caught by her own people in the North Sea, restore the ten-hour working day, develop atmospheric nitrate for her agricultural interests, etc.

Substantially all the population would also have to do without tea and coffee and other tropical products, the same as they have done in the last five years. Furthermore, it would be necessary to forbid the import of luxuries and to put a very high tariff on non-essential articles.

The mere obtaining of new capital by itself is only a step in the direction of

restoring the trade balance. The entire situation must be studied impartially and with the utmost care, and after it is clearly understood the reorganization of German affairs can proceed along the lines prevalent all over the world in dealing with concerns in financial difficulties. In such matters it is customary:

a. To provide additional capital if same is needed, to be secured by a prior lien on all the assets.

b. To issue a security well within the earning capacity of the concern on which interest must be paid regularly; failing the payment of such interest, some drastic method of enforcing the claim; the securities in this case to be delivered to the Allies.

c. To make available for further payments of interest or expenditures to capital account any surplus after payment of interest charges on (a) and (b).

In the case of Germany it should be arranged that a certain proportion of the surplus be used toward payment of the indemnity. If an attempt were made to apply all the surplus for this purpose there would be no incentive to the German people to produce this surplus, and therefore there would be no surplus.

Sequence of Events.

It might be necessary to employ a League of Nations police for a certain length of time in order to enforce the edicts of the Finance Commission, especially in such recalcitrant districts as in sections of Bavaria. This police should preferably not be composed of French soldiers, and its cost would be a proper charge on the revenues of the German State, with a further provision that the cost of enforcing the edicts in any rebellious district should be a charge on (a) and (b).

This bank, with a substantial capital behind it, should issue credit obligations of its own, based on commercial credit only, without any gold reserve, but backed by its ample capital. These credits would gradually replace currency in important transactions and thereafter fluctuations of the mark will be of less importance, as the mark will be used merely in the nature of a subsidiary currency. Ultimately—that is, in the course of a few years—this credit currency will have to be reinforced to a reasonable extent by gold, but the accumulation of a gold reserve for this purpose can be accomplished gradually.

During this transition period the values of securities, properties and everything else in Germany will gradually adjust themselves to the new currency and the refunding of the mark.

Germany will have to import hereafter much more raw material, foodstuffs and livestock than before the war, and these things will be aggregated about 70 per cent of her former imports.

It would probably be fair to estimate that pre-war Germany, without the lost provinces and without her foreign investments, etc., would have had an adverse trade balance of close on to one billion dollars.

No doubt a vigorous Germany, with its energetic and intelligent population, put on a sound basis in every respect, with the proper amount of capital and with the incentive to its population to work, could restore her trade balance in a very short time. This would mean she would have to carry on agriculture much more intensively; more men would have to obtain their living on the ocean and she would have to eat more fish caught by her own people in the North Sea, restore the ten-hour working day, develop atmospheric nitrate for her agricultural interests, etc.

Substantially all the population would also have to do without tea and coffee and other tropical products, the same as they have done in the last five years. Furthermore, it would be necessary to forbid the import of luxuries and to put a very high tariff on non-essential articles.

The mere obtaining of new capital by itself is only a step in the direction of

restoring the trade balance. The entire situation must be studied impartially and with the utmost care, and after it is clearly understood the reorganization of German affairs can proceed along the lines prevalent all over the world in dealing with concerns in financial difficulties. In such matters it is customary:

a. To provide additional capital if same is needed, to be secured by a prior lien on all the assets.

b. To issue a security well within the earning capacity of the concern on which interest must be paid regularly; failing the payment of such interest, some drastic method of enforcing the claim; the securities in this case to be delivered to the Allies.

c. To make available for further payments of interest or expenditures to capital account any surplus after payment of interest charges on (a) and (b).

In the case of Germany it should be arranged that a certain proportion of the surplus be used toward payment of the indemnity. If an attempt were made to apply all the surplus for this purpose there would be no incentive to the German people to produce this surplus, and therefore there would be no surplus.

Sequence of Events.

It might be necessary to employ a League of Nations police for a certain length of time in order to enforce the edicts of the Finance Commission, especially in such recalcitrant districts as in sections of Bavaria. This police should preferably not be composed of French soldiers, and its cost would be a proper charge on the revenues of the German State, with a further provision that the cost of enforcing the edicts in any rebellious district should be a charge on (a) and (b).

This bank, with a substantial capital behind it, should issue credit obligations of its own, based on commercial credit only, without any gold reserve, but backed by its ample capital. These credits would gradually replace currency in important transactions and thereafter fluctuations of the mark will be of less importance, as the mark will be used merely in the nature of a subsidiary currency. Ultimately—that is, in the course of a few years—this credit currency will have to be reinforced to a reasonable extent by gold, but the accumulation of a gold reserve for this purpose can be accomplished gradually.

During this transition period the values of securities, properties and everything else in Germany will gradually adjust themselves to the new currency and the refunding of the mark.

Germany will have to import hereafter much more raw material, foodstuffs and livestock than before the war, and these things will be aggregated about 70 per cent of her former imports.

It would probably be fair to estimate that pre-war Germany, without the lost provinces and without her foreign investments, etc., would have had an adverse trade balance of close on to one billion dollars.

No doubt a vigorous Germany, with its energetic and intelligent population, put on a sound basis in every respect, with the proper amount of capital and with the incentive to its population to work, could restore her trade balance in a very short time. This would mean she would have to carry on agriculture much more intensively; more men would have to obtain their living on the ocean and she would have to eat more fish caught by her own people in the North Sea, restore the ten-hour working day, develop atmospheric nitrate for her agricultural interests, etc.

Substantially all the population would also have to do without tea and coffee and other tropical products, the same as they have done in the last five years. Furthermore, it would be necessary to forbid the import of luxuries and to put a very high tariff on non-essential articles.

The mere obtaining of new capital by itself is only a step in the direction of

restoring the trade balance. The entire situation must be studied impartially and with the utmost care, and after it is clearly understood the reorganization of German affairs can proceed along the lines prevalent all over the world in dealing with concerns in financial difficulties. In such matters it is customary:

a. To provide additional capital if same is needed, to be secured by a prior lien on all the assets.

b. To issue a security well within the earning capacity of the concern on which interest must be paid regularly; failing the payment of such interest, some drastic method of enforcing the claim; the securities in this case to be delivered to the Allies.

c. To make available for further payments of interest or expenditures to capital account any surplus after payment of interest charges on (a) and (b).

In the case of Germany it should be arranged that a certain proportion of the surplus be used toward payment of the indemnity. If an attempt were made to apply all the surplus for this purpose there would be no incentive to the German people to produce this surplus, and therefore there would be no surplus.

Sequence of Events.

It might be necessary to employ a League of Nations police for a certain length of time in order to enforce the edicts of the